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Banque Canadienne Nationale
103rd Annual Statement
Nineteen Seventy-Seven

Banque Canadienne Nationale/103rd Annual Statement — 1977

Highlights

	1977	1976
Assets	\$6,924,213,285	\$5,674,756,636
Deposits	6,472,367,201	5,259,969,383
Loans	4,817,212,537	4,061,410,278
Balance of Revenue for the year	47,585,734	45,379,614
Balance of Revenue per share*	5.88	5.88
Balance of Revenue for the year after provision for income taxes	26,758,734	24,869,614
Balance of Revenue for the year after provision for income taxes per share*	3.31	3.22
Net Profits for the year	19,536,294	18,131,714
Earnings per share*	2.42	2.35
Dividends	8,960,000	8,344,657
Dividends per share	1.12	1.08
Capital (per share \$2.00)	17,785,514	15,989,949
Shareholders' equity	154,526,712	132,733,160
Shareholders' equity, per share	17.38	16.60
*Based on the weighted average month-end balance of paid shares	8,088,102	7,719,850

As at October 31, 1977, the BCN had 10,495 shareholders, 8,054 employees and 425 branches.

Notice to the Shareholders

The Annual General Meeting of Shareholders will be held on December 8, 1977 at 3:00 P.M., at the Queen Elizabeth Hotel, Montréal.

Statement of revenue, expenses and undivided profits for the financial year ended October 31

	1977	1976
Revenue		
From loans	\$495,110,704	\$429,884,564
From securities	58,307,345	61,935,255
Other operating revenue	27,710,885	27,950,895
Total revenue	581,128,934	519,770,714
Expenses		
Interest on deposits and bank debentures	362,467,451	327,016,752
Salaries, pension contributions and other staff benefits	101,694,630	87,504,282
Property expenses, including depreciation	23,927,209	21,292,535
Other operating expenses, including provision of \$21,012,797 (1976 — \$16,157,843) for losses on loans based on five-year average loss experience	45,453,910	38,577,531
Total expenses	533,543,200	474,391,100
Balance of revenue	47,585,734	45,379,614
Provision for income taxes relating thereto (Note 3)	20,827,000	20,510,000
Balance of revenue after provision for income taxes	26,758,734	24,869,614
Appropriation for losses	7,222,440	6,737,900
Balance of profits for the year	19,536,294	18,131,714
Dividends	8,960,000	8,344,657
	10,576,294	9,787,057
Undivided profits at beginning of year	460,954	503,897
	11,037,248	10,290,954
Transferred to rest account	10,500,000	9,830,000
Undivided profits at end of the year	\$ 537,248	\$ 460,954

See Notes to the Financial Statements.

Statement of accumulated appropriations for losses for the financial year ended October 31

	1977	1976
Accumulated appropriations at beginning of year		
General	\$ 45,367,850	\$ 37,016,443
Tax-paid	7,272,430	3,939,987
Total	52,640,280	40,956,430
Additions (deductions) during year		
Appropriation from current year's operations	7,222,440	6,737,900
Loss experience on loans less provision included in other operating expenses	(3,655,732)	1,497,823
Profits and losses on securities, including provisions to reduce securities other than those of Canada and a province to values not exceeding market	1,312,041	1,911,902
Other profits, losses and non-recurring items, net	960,364	(1,466,397)
Provision for income taxes, including credit of \$3,795,160 (1976—\$3,034,710) related to appropriation from current year's operations (Note 3)	3,662,307	3,002,622
	9,501,420	11,683,850
Accumulated appropriations at end of year		
General	51,305,711	45,367,850
Tax-paid	10,835,989	7,272,430
Total	\$ 62,141,700	\$ 52,640,280

Statement of rest account for the financial year ended October 31

	1977	1976
Balance at beginning of year	\$116,282,257	\$ 97,000,000
Transferred from undivided profits	10,500,000	9,830,000
Premium received on capital stock subscriptions (Note 4)	9,421,693	9,452,257
Balance at end of year	\$136,203,950	\$116,282,257

See Notes to the Financial Statements.

Statement of assets and liabilities as at October 31

	1977	1976
Assets		
Cash Resources		
Cash and due from banks	\$ 883,204,393	\$ 600,832,846
Cheques and other items in transit, net	246,781,375	59,933,855
	1,129,985,768	660,766,701
Securities		
Issued or guaranteed by Canada at amortized value	457,617,886	448,500,527
Issued or guaranteed by provinces, at amortized value	75,075,003	93,577,353
Other securities, not exceeding market value	231,640,865	206,777,756
	764,333,754	748,855,636
Loans		
Day, call and short loans to investment dealers and brokers, secured	140,766,440	64,829,184
Other loans, including mortgages, less provision for losses	4,676,446,097	3,996,581,094
	4,817,212,537	4,061,410,278
Bank premises at cost, less depreciation	44,207,832	41,748,606
Securities of and loans to a corporation controlled by the Bank	2,827,500	2,932,500
Customers' liability under acceptances, guarantees and letters of credit, as per contra	162,966,265	156,824,136
Other assets	2,679,629	2,218,779
	\$6,924,213,285	\$5,674,756,636

See Notes to the Financial Statements.

1977

1976

Liabilities**Deposits**

By Canada	\$ 141,367,100	\$ 99,934,498
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By provinces	13,730,508	11,141,118
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By banks	942,848,503	504,981,007
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Personal savings payable after notice, in Canada, in Canadian currency	2,289,219,816	2,117,189,263
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Other deposits payable on demand and after notice	3,085,201,274	2,526,723,497
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	6,472,367,201	5,259,969,383
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Acceptances, guarantees and letters of credit	162,966,265	156,824,136
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Other liabilities	12,211,407	12,589,677
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Accumulated appropriations for losses	62,141,700	52,640,280
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Debentures issued and outstanding (Note 2)	60,000,000	60,000,000
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Shareholders' equity**Capital Stock**

Authorized: 12,500,000 shares of \$2.00 each

Paid (Note 4)	17,785,514	15,989,949
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Rest account (Note 4)	136,203,950	116,282,257
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Undivided profits	537,248	460,954
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	\$6,924,213,285	\$5,674,756,636
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Germain Perreault, President and Chief Executive Officer
Jacques Douville, Executive Vice-President and Chief General Manager

Notes to the financial statements October 31, 1977

- The financial statements include the assets and liabilities and results of operations of wholly-owned subsidiaries, Banque Canadienne Nationale (Europe) S.A. and Banque Canadienne Nationale (Bahamas) Limited. The results of operations of Banque Canadienne Nationale (Europe) S.A. were previously included in tax-paid appropriations for losses. Figures for the financial year ended October 31, 1976, have been restated.
- Debentures issued and outstanding include:
 \$20,000,000 maturing March 1, 1992 — 7¼% up to and including February 28, 1978, and 7½% thereafter, redeemable on March 1, 1978, if the holder so elects, provided that this option is exercised between March 1, 1977, and September 1, 1977. Holders of debentures aggregating \$18,941,000 have exercised such option.
 \$25,000,000 maturing December 15, 1987 — 7½% redeemable on June 15, 1979, if the holder so elects, provided that this option is exercised between June 15, 1978, and December 15, 1978.
 \$15,000,000 maturing April 15, 1982 — 9¼% redeemable on or after April 15, 1981, if the issuer so elects.
- Provision for income taxes is included in the financial statements as follows:

	1977	1976
Statement of revenue, expenses and undivided profits	\$ 20,827,000	\$ 20,510,000
Statement of accumulated appropriations for losses:		
Related to tax deductible appropriations	(3,795,160)	(3,034,710)
Related to taxable capital gains	132,853	32,088
	\$ 17,164,693	\$ 17,507,378

- During 1977, all outstanding instalments for the shares subscribed in 1976 were received, resulting in the addition of \$10,051 to paid-up capital and \$47,743 to rest account.
 During September 1977, the shareholders of the Bank were invited to subscribe to 1,000,000 additional shares on the basis of one new share at \$12.50 for every eight shares held, payable in cash or in ten instalments. As at October 31, 1977, details of the issue were as follows:

	Number of shares	Capital paid up	Rest Account
Fully paid	880,120	\$ 1,760,240	\$ 9,241,260
Partly paid	119,880	25,274	132,690
	1,000,000	\$ 1,785,514	\$ 9,373,950

When shares subscribed to by instalments are fully paid on July 14, 1978, the Capital Stock and Rest Account will amount to \$18,000,000 and \$137,000,000 respectively and the number of shares issued and fully paid will be 9,000,000.

- The Bank is subject to the Anti-Inflation Act, in effect since October 14, 1975, restraining profit margins, prices, employee earnings and shareholders dividends. To the best of its knowledge the Bank complies with the restrictions of this Act.

Auditors' Report to the Shareholders

We have examined the statement of assets and liabilities of Banque Canadienne Nationale as at October 31, 1977 and the statements of its revenue, expenses and undivided profits, accumulated appropriations for losses and rest account for the financial year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Bank as at October 31, 1977 and its revenue, expenses, undivided profits, accumulated appropriations for losses and its rest account for the financial year ended on that date.

Auditors

ANDRÉ G. COUPAL, C.A. of Peat, Marwick, Mitchell & Cie
 PAUL NOISEUX, C.A. of Maheu, Noiseux & Associés

Montréal, November 24, 1977

Compagnie Immobilière BCN Ltée

Statement of Assets and Liabilities as at October 31

	1977	1976
Assets		
Cash in bank	\$ 729	\$ 722
Income taxes and interest to be recovered	42,558	51,245
Real estate and rights in an emphyteutic lease, less depreciation	3,234,598	3,280,956
	\$3,277,885	\$3,332,923
Liabilities		
Loan from Banque Canadienne Nationale	\$ 828,000	\$ 933,000
Shareholders' Equity		
Capital stock authorized and issued: 20,000 shares of \$100 each	2,000,000	2,000,000
Undivided profits	449,885	399,923
	\$3,277,885	\$3,332,923

Notes

1. Banque Canadienne Nationale owns the entire capital stock of Compagnie Immobilière BCN Ltée, with the exception of the directors' qualifying shares. This investment is carried on the books of the Bank at \$1,999,500.
2. The Company received assessments for income taxes for the years 1967 and 1968 but its appeal was upheld by the Federal Court of Appeal. The Department of National Revenue, Taxation, obtained permission to lodge an appeal before the Supreme Court of Canada.

Auditors' Report to the Shareholders of Banque Canadienne Nationale

We have examined the statement of assets and liabilities of Compagnie Immobilière BCN Ltée as at October 31, 1977.

Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, this statement presents fairly the financial position of the company as at October 31, 1977.

Auditors

ANDRÉ G. COUPAL, C.A. of Peat, Marwick, Mitchell & Cie
PAUL NOISEUX, C.A. of Maheu, Noiseux & Associés

Montréal, November 24, 1977

Executive Officers

Germain Perreault
President and Chief Executive Officer

Jacques Douville
*Executive Vice-President
and Chief General Manager*

*Senior Vice-Presidents
and General Managers*

Raoul Asselin

Jean Barrett

Jean Boulanger

Pierre Castonguay

Vice-Presidents

Yvon Beaupré

Gérald Blais

Raymond Bussièrès

Yvan Desjardins

Claude Dieumegarde

Hubert Dunn

Pierre Genêt

Olivier Hudon

Claude Jasmin

Lionel Laprade

Pascal Laquerre

Claude Lorange

Denis Mathieu

André J. Plagnol

Claude Racicot

Gérard Vézina

Board of Directors

Chairman of the Board

***Louis Hébert,**
Montréal

President and Chief Executive Officer

***Germain Perreault,**
Montréal

Executive Vice-President and Chief General Manager

Jacques Douville,
St. Lambert

Vice-Presidents

***Wilbrod Bherer,**
Québec
*Bherer, Bernier, Côté, Ouellet, Huot, Houle,
Cantin & Poliquin, Advocates*

***Roger Larose,**
Montréal
*Vice-Chairman of the Board,
Ciba-Geigy Canada Limited*

Michel Baribeau,
Lévis
*President and General Manager,
Industries Baribeau Inc.*

J.-Jacques Beauchemin,
Montréal
President, Sullivan Mining Group Ltd.

Laurent Beaudoin,
Valcourt
*President and Chief Executive Officer,
Bombardier M.L.W. Ltd.*

Hon. Rhéal Bélisle,
Ottawa
Company Director

***André Charron,**
Montréal
President, Lévesque, Beaubien Inc.

Jean Charton,
Montréal
President, Herdt & Charton (1971) Inc.

***Georges-O. Clermont,**
Montréal
Chairman, Clermont Motor Limited

***Roger DeSerres,**
Montréal
President, Omer DeSerres Ltd.

Marc-H. Dhavernas,
Montréal
President, Banque Canadienne Nationale (Europe)

Jacques-J. Giasson,
Montréal
*President and Chief Executive Officer,
The St. Lawrence Cement Company*

Jacques Lagassé,
Sherbrooke
*Lagassé, Lagassé, Lagassé,
Carignan & Durand, Notaries*

André Latreille,
Montréal
President, Alta Limited

Charles-E. Marquis,
Québec
Chairman, Beaudet, Marquis

J.-Robert Ouimet,
Montréal
*President and General Manager,
J. René Ouimet Enterprises Ltd.
and Cordon Bleu Limited*

Jean-Marie Poitras,
Québec
*President and Chief Executive Officer,
The Laurentian Mutual Assurance Company*

***Guy St-Germain,**
St. Hyacinthe
*President and General Manager,
The Commerce Group*

Robert M. Schmon,
Niagara-on-the-Lake
*President and Chief Executive Officer,
The Ontario Paper Co. Ltd.*

Alfred Tourigny,
Montréal
Chairman, Blue Cross of Québec

Louise B. Vaillancourt,
Montréal
Company Director

**Member of the Executive Committee*

